

U.S.-KOREA TRADE AGREEMENT

Hawaii Farmers Will Benefit

December 2010

The U.S.-Korea Trade Agreement, known as the KORUS agreement, will immediately eliminate duties on nearly two-thirds of current U.S. agricultural exports to Korea and gives U.S. exporters improved access to the Korean market for many products that have been highly protected. The U.S. International Trade Commission estimates that annual U.S. agricultural exports to Korea will increase by a minimum of \$1.9 billion upon full implementation of the agreement.

The KORUS agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of Hawaii agricultural products, including fruits, tree nuts, and coffee. Hawaii's agricultural exports to all countries, estimated at \$102 million in 2009, supported about 850 jobs, on and off the farm. These export sales make an important contribution to the Hawaii farm economy, which had total cash receipts of \$581 million in 2009.

Fruits and Fruit Products. Hawaii is the tenth largest exporter of fresh and processed fruits in the nation with overseas shipments estimated at \$38 million in 2009. Papaya's industry cash receipts totaled \$14.1 million; bananas, guava and other tropical fruit are also important. Among the KORUS agreement's benefits to Hawaii's fruit producers and processors:

- Korean imports of papayas, now subject to a 30-percent duty, will become duty free upon implementation of the agreement.
- The 30-percent tariff on imports of Hawaiian bananas and guavas will be phased out over 5 years and the pineapple tariff will be phased out over 10 years.

Tree Nuts. Hawaii is the nation's sixth largest exporter of tree nuts, largely due to the success of its macadamia nut industry. Hawaiian macadamia nut producers, had cash receipts totaling \$29 million. Under the KORUS agreement:

- Korea's high barriers on macadamia nut imports, with current tariffs reaching up to 567 percent, will be phased out over 15 years.

Coffee. Hawaii's cash receipts from coffee production totaled \$26 million in 2009, or 4.4 percent of the state's agricultural receipts. The KORUS agreement will provide many benefits to the coffee industry.

- Unroasted coffee will become duty free immediately upon implementation of the agreement.
- Roasted coffee will see tariffs phased out over 5 years.

Selected Agricultural Product Exports For FY 2009 (Oct. 2008-Sept. 2009)		
Product	U.S. to World	Hawaii to World
Fruits	\$5,714,000,000	\$38,000,000
Tree Nuts	\$3,495,000,000	\$15,000,000
Coffee	\$73,000,000	\$4,000,000
Agricultural Total	\$96,632,000,000	\$102,000,000

Compiled by ERS using data from Census Bureau, Commerce and NASS.

Note: All State export figures used herein are estimated on a fiscal year basis (October-September) by USDA's Economic Research Service (ERS); all State cash receipt figures are compiled by USDA's National Agricultural Statistics Service (NASS) and ERS on a calendar year basis.

For questions about the U.S.-Korea Trade Agreement and its impact on U.S. agriculture, please contact FAS Legislative and Public Affairs at (202)720-7115 or LPA@fas.usda.gov.